MONTHLY NOTES

FARM MANAGEMENT AND FARM ECONOMICS

June 1, 1921.

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THIS MONTHLY LETTER IS NOT BEING SENT TO COUNTY AGENTS. This question has been asked by a number of men, hence the mention of it. We are sending the sheet to farm management extension men in each state and to a few others interested in this field. If any items interest you that you care to pass on - do as you see fit.

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A CONFERENCE OF FARM MANAGEMENT DEMONSTRATORS is to be held at Madison, Wisconsin, June 22-25. This is a sectional conference including the central states. The program already in view gives promise of something more than a cut-and-dried performance.

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A DAIRY FARM SURVEY ON A BIG SCALE is being planned in New York State this summer. This will be a cooperative affair with the Farm Management Department at Cornell; and if the plans work out it will throw a pretty broad light on questions of daify farm management.

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A FARM MANAGEMENT MOTION PICTURE IS THE LATEST. The movies having become successful propogandists for everything from coffeeless babies to Balkan politics - why not for better farm management? We have a fetching little scenario framed up, and the way is paved for camera action next month. Perhaps you may have a place for this among your Fall and Winter Attractions.

COST OF MILK PRODUCTION IN NORTHERN MARYLAND is summed up in a preliminary report on survey of 94 farms made by Messrs. Billings and Miller of this Office. There is a good deal in this report that will make it valuable for the men in the dairy sections particularly, - data on quantity figures, cumulative cost tables, relation of cost to farm organization, and so on. A line will bring you a copy.

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EXTENSION WORK ALONG INSURANCE LINES was the object of a trip last month by Mr. V. N. Valgren, who is in charge of the Farm Financial Relations Section of this Office. Mr. Valgren presided at the birth of three farmers' Mutual Insurance Companies in Missouri and two in South Dakota. He also helped to plan the reorganization of two other such companies. It seems probable that there are many localities where this sort of work would be a service and an asset.

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WHOLESALE PRICE INDEXES FOR APRIL, made up by the Bureau of Labor Statistics, are as follows, (1913 being the base or 100):

| Farm Products | | Commodity Groups | |
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| Tobacco | 246 | House-furnishing goods | 274 |
| Wheat, No. 1. N. | 160 | Lumber & Bldg. materials | 203 |
| Hay, Timothy No. 1. | 149 | Fuel & lighting | 199 |
| Milk (N.Y.) | 147 | Cloths & clothing | 186 |
| Steers, good to choice | 102 | Chemicals (& drugs) | 168 |
| Hogs, heavy | 98 | Food, Etc. | 141 |
| Potatoes | 97 | Metals & Met. products | 138 |
| Cotton (Midd., N.Y.) | 95 | Farm Products | 115 |
| Corn, cash, C. Gr. | 92 | All commodities | 154 |

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GENERAL MOVEMENT OF PRICES during April showed a continued sharp drop in farm products. Food prices also fell in sympathy. The general level of all commodities dropped more than in either of the two preceding months. Metals, chemicals, and building materials showed resistance to declines; while house-furnishing goods stayed up at the level of February and March.

It seems certain that the shrinking purchasing power of the great group of farming population will soon be a deadly serious matter for business at large. Already it is a heavily

dragging anchor,as many signs in the business world testify.

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THE TREND OF PRICES OF FARM PRODUCTS shows a rough movement into two groups, so far as the important products are concerned.

One group stands near the pre-war level, this including hogs, beef cattle, corn, cotton, potatoes, sheep, wool, and eggs.

Another group now ranges around 50% above the pre-war level. This includes milk, hay, wheat, apples (and tobacco still higher). Low as all these prices are, it appears that the man who has any one of these five latter products to sell is relatively better off than men with the first group. (Which is not to infer that such situation will continue indefinitely).

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ONE BIG JOB at the present time for men in this field is to sit tight and help hold the boat to a steady course. At least so it seems to me. From several sections of the country is coming agitation to "change". Persons and papers are advising the corn grower of the West to take up dairying; the cotton grower to go into livestock; the Eastern dairyman to interest himself in fruit or poultry; and so on. Certainly every intellegent producer should be alert to meet new conditions. But this year is a doubtful time to experiment in changing the type of farming. Nothing in the production or price situation at present is stable enough to warrant radical changing. If history teaches us anything, it is that farm products are never permanently at the botton (or top) of the cycle. The thing to do now would seem to be to keep right on in much the usual way, hold still, keep down expenses, and let events develop during this year at least. Farm management men can help steady the tiller through these stormy seas.

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CONDITIONS IN NEW YORK are reported by Dr. C. E. Ladd, in charge of farm management extension work, as follows:

"The middle of May finds farm work progressing satisfactorily in New York State. Spring grain has been planted earlier than usual. Corn and potatoes will be planted at about the average dates or a little earlier. Pastures and meadows are in fine condition, well advanced but in need of rain. Late frosts have injured some fruits but indications are now that New York State should have a good crop of apples, peaches and pears in the fruit belt.

As a result of the closing of many condensaries last fall, many farmers have been without a market for milk all winter. In sections where this is the case, little grain has been purchased and cows have come through the winter in poor condition. The testing of dairy herds under the accredited herd plan is progressing very rapidly and is resulting in the butchering of a considerable number of animals.

"The pooling plan of the Dairymen's League was put into operation on May 1. Under this plan all the milk of the league members is sold by the league at four different prices classed according to the purpose for which the milk is to be used. Payments will be made to individual farmers through the Dairymen's League in such a way that a fairly uniform price is paid for the same grade of milk in all parts of the league territory subject to differentials for distance to market, butterfat test, etc. The farmers have shown themselves to be thoroughly behind the pooling plan. The officers of the league are working hard to build up an efficient selling, manufacturing and accounting organization. Dairymen feel optimistic over the situation although they have not lost sight of the difficulties to be encountered. The first milk checks under the pooling plan will be received by farmers about June 25 and will be for the month of May.

" Cooperative marketing organizations have passed through a period of rather rapid growth. We now have such organizations for handling wool, milk, grapes, tree fruits, potatoes, canning factory crops, vegetables, maple sap products and others. These organizations are now developing slowly and soundly. They appear to be recognizing and working out the problems involved in standardizing, grading, transporting, warehousing, financing and selling of the product.

"Financially, New York farmers are in much the same condition as the farmers of other states although our farmers, because of their diversity of income and nearness to market, have not suffered to the extent that many southern and western farmers have suffered. There has been a constant market for hay although the price is low. Potatoes have sold at the lowest price known for several years. Many thousand barrels of apples were unharvested because of the lack of market. Milk for the fluid milk market has sold at a fair price all winter. Milk for butter or cheese has brought a low price and much could not be sold. Eggs brought a good price early in the winter but took a rapid drop in the early spring. Cabbage and onions cannot be sold. Cows sell for from 60 to 80 per cent of the price one year ago with considerable variation in regions."

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CONDITIONS IN KANSAS are summed up by Mr. Rhoades as follows:

"A return to diversified farming is being retarded by the present high price of wheat as compared with corn. The four

million acre wheat increase during the war, which was made largely at the expense of corn and forage, is not being reduced as rapidly as was expected. An abundance of cheap labor, and the large amount of labor saving wheat machinery purchased for war conditions, makes the opportunity-cost of production of wheat very low for this year. Furthermore, wheat as a surely cashable crop has a strong appeal in the region of sadly strained credit conditions. Our wheat farmers are inveterate borrowers. They held their wheat and took the loss. They are sorely cramped for cash. Production of wheat with their present equipment and home labor supply promises more speedy liquidation than a change to livestock farming involving cash investment.

"Cattle, the second largest sale crop of Kansas, are more seriously handicapped by lack of credits. Kansas is a summer pasture state and erratic at that. This makes the greater part of our cattle industry highly speculative. Bankers are discriminating against this speculative cattle paper.

"A subnormal number of hogs is being tardily increased with possibly a normal pig crop next year.

"Recent abrupt declines in dairy prices have caused discouragement and lowered dairy cow values, but the dairy industry is yet well above the average enterprise for profit.

"A large increase in poultry and egg production has furnished a valuable sale crop for bringing in ready cash and an important substitute for purchased food.

"A distinct tendency toward greater production of vegetables and small fruits is very apparent."

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CONDITIONS IN TEXAS are summed up by Mr. Daugherty:

"The financial situation in Texas is more stringent than it has been in many years, and has caused many producers to put their products on an already demoralized market. This is particularly true in the cattle section and cotton growing counties. The rice on hand is not being moved at all for there seems to be no market for it. The vegetable growers of the lower Rio Grande Valley have been hit extremely hard, being only able to market one third of their cabbage, and receiving about $6.00 per ton F.O.B. their stations. Thousands of acres of vegetables have been plowed under, due, it is claimed, to the high freight rates acting as an embargo.

"The County Farm Bureaus have recently begun forming pools of cotton for immediate sale. Any member owning cotton enters the pool, consisting of from 750 to 3000 bales. The cotton is graded and stapled and put in even running lots and auctioned off to the highest bidder. This has given unusual satisfaction, obtaining from one cent to three cents per pound more than the individual could get for the same cotton.

" Several banks and business houses have sent out questionnaires about the proposed cotton acreage reduction. These reports have been summarized and show a reduction of from 27% to 35%. The

percentage reduction being lowest in specialized cotton producing counties and highest in counties not naturally so well fitted for cotton. The above percentages are not weighted, and probably mean that the acreage reduction will amount to from 18 to 22% in this state. Fertilizer sales indicate that east Texas will use about 50% of its customary amount of commercial fertilizer.

"Day labor is freely obtained at from $1.00 to $1.50 per day, against $2.50 - $3.50 this time last year.

"Retailers say that farmers are economizing as never before and neither they nor the farmers expect conditions to become easier until next fall."

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THE POTATO SITUATION IN MAINE is summed up by Mr. M. D. Jones, as follows:

"According to current reports the potato acreage in the state will be about normal this year. Some influences are tending to decrease the plant while others are tending toward an increase.

"The failure of a good many farmers to make expenses on last year's crop will make it difficult for them to finance their usual acreage this season. The high price of fertilizer with prospects of normal price of crops is holding others back while the effects of the low prices of the past winter have discouraged others not yet wise to the game.

"On the other hand the cheap price of seed and slightly easier supply of labor will help to keep acreage normal. The large growers will doubtless increase their plant as is common for them to do following a poor year. A disagreement between sweet corn growers and packers over price has resulted in a much decreased acreage of corn and doubtless a slight increase in potato acreage through the southern part of the state.

"It is never safe to predict the potato acreage until after the planting season is over since reports on Condition of souther crop, and the weather conditions during planting have more or less influence on the final plant. The planting Season closes about June 5th.

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